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**14 INTERVIEW/Anuj Mathur, CEO, Canara, HSBC
OBC Life Insurance Company**
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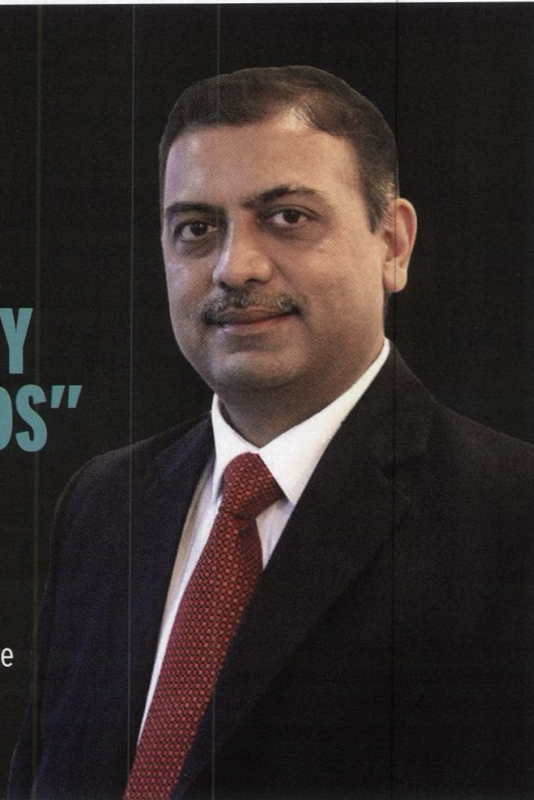
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INTERVIEW | ANUJ MATHUR

"RAISING AWARENESS KEY AGAINST FRAUDS"

Financial frauds are not new to the insurance industry. **Anuj Mathur**, CEO Canara, HSBC OBC Life Insurance Company talks with **Teena Jain Kaushal** and **Priyadarshini Maji** about how these frauds are conducted and how the industry is gearing up for growth.



How big is the threat of financial frauds in the insurance industry?

We have noticed that fraudsters generally contact the policy holders to pursue them for surrendering the policy. To some extent we are slightly insulated from these kinds of fake calls as we follow a pure bank assurance model, but still we are trying to create more awareness against it. But, there is another problem from the customers' end as well – customers also sometimes get swayed away with the fraudulent promises and eventually surrender the policy. I think to avoid all this, awareness is the key and we are trying to create more awareness against such frauds.

How are such frauds conducted?

Fake callers are not the employees of any company.

They operate underground and change their phone numbers and operation places very frequently. Last year, we received some complaints about fraudulent calls and that's when we got to know that these people had called from a place which was shifted later. They also manage a database and that's how they get access to customers.

How does data get leaked? Does it happen from within the company?

We don't know what's the source of such information, but yes information leak from within the company has happened in the past, but now it has been controlled to a large extent. The stringent steps by the industry regulator Insurance Regulatory and Development Authority of India (IRDA) and the insurance companies have also helped in stopping such information leaks.

As industry moves towards more digitisation, it poses further challenges. Although digital transactions are secure, yet when you move into digital space it kind of opens

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up your digital footprints for fraudsters to catch. As such we have not seen many incidences of digital frauds till now, but there is still always a risk in the digital space. Indian information security laws are also not stringent like in the western countries, so as an industry we have to fight these things together.

How was last year in terms of growth? What is your outlook for next year?

It was a great year for us. According to the recently released growth numbers by IRDA, the growth figure for overall insurance industry was 14 per cent, while we registered a growth of 35 per cent. There are very few insurance companies that have achieved a growth of over 20 per cent and we are proud to be one of them. Further, we registered this kind of growth after many years so we are even more delighted. We achieved it by increasing the strength of our sales support staff, which helped us in closely monitoring our business, and support from our banking partners.

Interestingly, if you look at the last year numbers, bank insurance companies have performed better in comparison to individual insurance companies. In our case, we are a joint venture company of three banks, which collectively have 8,000 branches catering to more than 60 million customers across the country. So, we have a huge advantage on our side in comparison to individual insurance companies. Insurance companies need 300-400 branches to operate in pan-India, but we have access to our customers through branches of our three banks.

How much of your business currently comes from Unit Linked Insurance Plans (ULIP) and traditional plans?

Currently, ULIP contributes about 70 per cent and traditional, 30 per cent. Two years ago, ULIP used to be about 95 per cent, so gradually we are shifting towards traditional products. Our product philosophy is that we should offer customers what they require. But looking at the markets, I feel, in about a year's time, we will have a more balanced portfolio – roughly 40-50 per cent of sales will be traditional. By September end, we would be adding about four traditional products; this will also provide a rider choice to customers. Hence, I feel our product mix is going to veer towards traditional.

Is it because of the demand for guaranteed products in the market?

I think people generally believe in guarantees. But if we look at government schemes, such as PPF, post office schemes or fixed deposits, people generally look at products they know. A similar trend is happening in insurance, too. Certain population is looking for some kind of guarantee, while there are others who are looking at wealth optimisation. The reason ULIPs are still selling is because people believe that with a transparent portfolio, with some risks, they will be able to optimise their returns. So you are right; there is demand from certain set of customers.

Endowment policies typically offer not more than 6 per cent return. Is it a good proposition?

In my view, it would be wrong to compare a traditional product with an FD or with post office or PPF, because they are pure investment products. But, in here, what people easily tend to forget is protection, which will not come for free. There is no other product in the market that protects your long-term interests. Considering that insurance is a product that offers long-term protection, to compare it with a product that gives 6-8 per cent return is wrong. That's what we tell our customers. So, my suggestion here is that people who are actually looking for insurance should not have a return expectation, they should have expectations in terms of benefits – the overall return. For instance, if I am giving ₹50,000 as premium, after 20 years

what am I going to get?

Internationally, the interest rates are declining. Customers may get 7 per cent from five years, let's say in FD or PPF, but is there any product in the market that gives you that return for 20 years? The answer is no. Maybe as of now you are able to get 6-7 per cent returns, but if you are looking at it from a long-term perspective, like saving for your kids or some other event planned after 15-20 years, short-term products will not fit into that category. So if a customer is getting 5-6 per cent, it is a fantastic proposition because what is coming along with it is protection. It has to be a like-to-like comparison. ♦

@Teena_Kaushal; @PriyadarshiniM9

**"LAST YEAR WAS
A GREAT YEAR FOR
US. WE REGISTERED
GROWTH OF 35 PER
CENT AGAINST OVERALL
INDUSTRY'S RATE
OF 14 PER CENT"**